

IN THE UNITED STATES DISTRICT COURT FOR THE  
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA,	)	Criminal No. 02-391-A
	)	
	)	
v.	)	
	)	
	)	
KENNETH KWANGHO PAIK,	)	
	)	
Defendant	)	

STATEMENT OF FACTS

\_\_\_\_\_If this matter were to proceed to trial, the United States would prove the following beyond a reasonable doubt.

1. The Business Bank, Community Bank of Northern Virginia, First Virginia Bank, United Bank, and NationsBank (later named Bank of America) were financial institutions whose accounts were insured by the Federal Deposit Insurance Corporation, with branch offices in Fairfax County, Virginia, within the Eastern District of Virginia.

2. F&M Bank-Allegiance was a financial institution whose accounts were insured by the Federal Deposit Insurance Corporation, with branch offices in Montgomery County, Maryland.

3. The defendant, Kenneth K. Paik, was a principal of Rockville Motors in Rockville, Maryland. Rockville Motors was an automobile retailer.

4. Seung Il Kim was a South Korean journalist, who made periodic visits to the United States, including a one year visit

from August 1997 until July 1998. During that time period, Seung Il Kim, who had been legitimately assigned United States social security #226-79-3406, purchased a car from Rockville Motors.

THE SCHEME TO IMPERSONATE SEUNG IL KIM

5. In March 1999, in the Eastern District of Virginia and in Montgomery County, Maryland, defendant Paik devised and executed a scheme to defraud the Business Bank, Community Bank of Northern Virginia, First Virginia Bank, United Bank, and F&M Bank-Allegiance by fraudulently assuming the identity of Seung Il Kim and obtaining automobile purchase loans from these financial institutions.

6. In order to impersonate Seung Il Kim, the defendant Paik obtained a Virginia driver's license containing his own picture but with the name and identifying information, including social security #226-79-3406, of Seung Il Kim--information the defendant Paik had obtained earlier from Seung Il Kim when Kim purchased an automobile from Rockville Motors. While posing for the Virginia DMV photograph, under the name of Seung Il Kim, the defendant Paik attempted to disguise his own appearance by combing his hair differently and wearing glasses.

7. As a further part of the scheme, defendant Paik provided the financial institutions with phony employment and income data, addresses, and phone numbers for Seung Il Kim. Defendant Paik also provided the financial institutions with phony sales agreements between Seung Il Kim and "Auto City Buying Agency," a

fictitious dealer that purported to agree to sell the automobiles to Seung I. Kim.

8. As a result of the scheme, between March 10 and 15, 1999, defendant Paik obtained the following loan proceeds, made payable to "Auto City and Seung Il Kim":

The Business Bank.....	\$17,000
Community Bank of Northern Virginia.....	\$17,500
First Virginia Bank.....	\$17,556
United Bank.....	\$16,500
F&M Bank-Allegiance.....	\$15,000

9. In order to enrich himself with the proceeds of the fraudulent automobile loans, defendant Paik opened an account at NationsBank in the name of "Auto City Buying Agency" and deposited the fraudulently obtained loan checks into the "Auto City" account. Defendant Paik also opened two accounts in the name of Seung Il Kim: one account at Branch Banking & Trust (BB&T) and the other account at NationsBank. Through a series of transfers and for his own benefit, defendant Paik withdrew the funds deposited into the Auto City account. In some cases, for one or two months, the defendant Paik made payments on the fraudulent loans. But thereafter defendant Paik stopped making payments. Since there were no automobiles to repossess and no Seung Il Kim to locate at the phony address and place of employment, each financial institution lost approximately 100 per cent of the loan amount.

#### THE SCHEME TO DEFRAUD NATIONSBANK WITH BOGUS DEPOSITS

10. In May 1999, in the Eastern District of Virginia, the

defendant Paik devised and executed a scheme to defraud NationsBank. In March 1999, the defendant Paik opened two accounts in the name of "Seung I. Kim": one account at Branch Banking & Trust ("BB&T"), the other account at NationsBank.

11. On May 27, 1999, defendant Paik (i) created a temporary, artificially inflated balance in the NationsBank Seung I. Kim account, by depositing into that account two worthless checks, in the total amount of \$12,765, drawn on the Seung I. Kim account at BB&T (an account that had been previously closed) and (ii) quickly withdrew \$12,000 from the NationsBank account, before NationsBank realized that the deposited checks were worthless, thereby causing a loss to NationsBank of \$11,815.

THE SCHEME TO DEFRAUD NATIONSBANK BY OBTAINING AN UNAUTHORIZED  
LOAN IN THE NAME OF BOK KI LEE

12. In May 1999, defendant Paik devised and executed another scheme to defraud NationsBank in the Eastern District of Virginia. On May 26, 1999, Bok Ki Lee and his son, Chung M. Yi, purchased a Mercury Villager from Rockville Motors. With the assistance of defendant Paik, Bok Ki Lee obtained financing for the purchase from Chevy Chase Saving Bank in the amount of \$16,000. Two days later, on May 28, 1999, without the permission of Bok Ki Lee, defendant Paik presented the identical loan package in the name of Bok Ki Lee to NationsBank for the purchase of the same vehicle. As a result of the scheme, defendant Paik obtained a \$15,000 loan proceeds check from NationsBank made payable to Rockville Motors and Bok Ki Lee. Defendant Paik

forged the endorsement of Bok Ki Lee and deposited the check into a Rockville Motors account.

13. Fourteen months later, in August 2000, Chung M. Yi, Bok Ki Lee's son, discovered the fraudulent loan and confronted defendant Paik. Defendant Paik then paid off Bok Ki Lee's Chevy Chase Savings Bank loan (the legitimate loan) and paid \$4000 to Chung M. Yi. After August 2000, NationsBank no longer received payments on the loan and in 2001 successfully located and repossessed the Mercury Villager. The actual loss to NationsBank, for restitution purposes, is determined by calculating the remaining principal loan balance, less the resale value of the Mercury Villager.

Respectfully submitted,

Paul J. McNulty  
United States Attorney

By:

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Assistant United States Attorney

Seen and agreed:

\_\_\_\_\_  
Kenneth K. Paik

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James W. Hundley  
Steven D. Briglia  
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\_\_\_\_\_  
Date